BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Energy Corporation for Approval to Acquire the Outstanding Common Stock of Integrys Energy Group, Inc.

Docket No. 9400-YO-100

WEC'S POST-HEARING RESPONSE BRIEF

The intervenors' initial briefs double down on their incorrect reading of the statutory standard for utility holding company acquisitions, introduce ever-more generous "giveaways" as conditions for Commission approval of the Transaction where WEC has already identified hundreds of millions of dollars in customer benefits, and seek conditions that either duplicate or exceed applicable legal requirements or are otherwise unnecessary in light of the conditions WEC has already accepted. The Commission should approve the Transaction with the conditions to which WEC has already agreed.

I. WEC has accurately framed the "best interests" standard that the Commission should apply in considering the Transaction.

As anticipated, the various intervenors have doubled down on their insistence that in order to be approved by the Commission, the Transaction must deliver immediate and guaranteed benefits to Wisconsin customers. *See* CUB Br. at 3 ("The 'best interests' of consumers requires that there be some quantifiable benefit for Wisconsin customers associated with the Proposed Transaction"); Jobs4WI Br. at 4 (statute requires "a demonstrable certainty that [the Transaction] will result in benefits (in this case lower electric rates) for customers"); WIEG Br.[1] at 6 ("Each of WEC's subsidiary regulated utilities must guarantee their customers

[1] WIEG submitted a joint brief with the Wisconsin Paper Council. For convenience, this brief will be referenced as the "WIEG Brief" and the arguments therein as WIEG's.

financial benefits"); GLU Br. at 3 (Commission must ensure that Transaction "provides tangible benefits to groups").

It is remarkable that not a single intervenor has cited any Commission or Wisconsin court decision interpreting Wis. Stat. § 196.795(3). Perhaps that is because, as WEC has already pointed out (WEC Br. at 4-6), those decisions undermine rather than support the intervenors' interpretation of the statute. WEC is the only party to cite and address these decisions, and urges that the Commission look to its own decisions -- not the intervenors' desired outcome -- for a clear picture of how, historically, the statute has been applied.

The only other party to offer any basis for interpretation of the statute is Jobs4WI. Jobs4WI cites the non-statutory preamble to 1985 WI Act 79 -- which created the Wisconsin Holding Company Act, Wis. Stat. § 196.795 -- as an indication of what might constitute "the best interests of utility consumers, investors, and the public."[2] (Jobs4WI Br. at 8). To be clear, the preamble generally introduces the statutory framework for the formation and regulation of public utility holding companies and is not specific to the subsection on "takeovers." That said, the relevant portion of the preamble supports the construction of the statute that WEC has presented all along.

As applicable here, the preamble to 1985 WI Act 79 states as follows:

> (5) The public interest and the interest of investors and consumers can be benefited if public utility holding companies, in the service territories of their public utility affiliates or in this state:
>
> (a) Conduct substantial business activities.
> (b) Attract new business.
> (c) Expand existing businesses.
> (d) Provide investment capital for new business ventures.
> (e) Otherwise directly or indirectly promote employment and commerce.

[2] Jobs4WI has not offered this "evidence" into the record, so it is not clear what weight, if any, the Commission should give the argument, and the Commission would be within its rights not to consider it at all since it was not made a part of the record.

The excerpt quoted by Jobs4WI follows this list of potential benefits arising from the formation of a holding company under the Commission's jurisdiction.

Several features of this legislative preamble support WEC's application generally and its interpretation of Wis. Stat. § 196.795 in particular. First, the potential benefits listed in the preamble are described as benefitting stakeholders in the aggregate; particular stakeholders (i.e., customers) are not singled out for specific benefits. *Compare* CUB Br. at 2-4 (arguing otherwise). In fact, this list confirms that several of the benefits currently described as benefits for WEC (i.e., better access to investment capital) are also and equally benefits for consumers and the public. The Legislature did not assume -- as intervenors do -- that a robust utility holding company benefits only its shareholders. On the contrary, the Legislature preempted the intervenors' "silo approach" to benefits by expressly stating that both investors and consumers benefit when a transaction better enables a holding company to accomplish the benefits identified in subsection (5).

Second, while the list is clearly intended to be illustrative (stakeholders "can be benefited . . ."), the proposed Transaction satisfies every single one of the potential benefits listed in subsection (5). *See generally* WEC Br. at 6-10.

Third, the preamble does not support Staff's and intervenors' singular focus on "tangible," "quantifiable," or "immediate" benefits of the proposed Transaction: the listed benefits are not readily quantifiable and are likely to be realized only over time. This interpretation aligns closely with the Commission's own approach in the WEC/WICOR Decision. (WEC Br. at 5-6).

Finally, read in context instead of in isolation, the potential benefit cited by Jobs4WI fits comfortably within this framework:

(6) Utility consumers and investors benefit when a nontelecommunications public utility reduces the cost or increases the reliability of utility service through such means as conservation and renewable energy or businesses functionally related to the provision of utility service.

As is clear from the text, this subsection -- which itself follows a list of five other potential benefits at the holding company level -- actually lists several additional benefits which may be achieved at the utility level. It is not clear that this section is even relevant to a proceeding like this one, where the Applicant is a holding company, but even if it were, it certainly does not require reduced rates as a condition of Transaction approval.[3] *Compare* Jobs4WI Br. at 8 ("An appropriate reading of the statute clearly requires a finding of lower customer rates in the future for the [T]ransaction to be in the best interests of utility customers"). In short, to the extent the Commission considers this non-statutory language at all, it wholly and unambiguously supports WEC's Application.

II. The Commission should reject conditions raised for the first time in briefing.

In the initial round of briefing, only CUB has appropriately limited its discussion to proposed conditions already in the record. While WEC does not agree with all of the conditions proposed by CUB, there is at least record support for the Commission to consider their adoption. Other intervenors have abandoned such restraint, suggesting entirely new or significantly revised conditions for the first time in their initial briefs without reliance on record evidence. Allowing parties to do so now, after multiple rounds of testimony and hearing during which over ninety conditions were fleshed out, confuses the record and the Commission could simply decide not to entertain these new conditions.

[3] To be clear, this subsection identifies either reduced rates or increased reliability as a benefit to the extent that such benefits are achieved via conservation, renewable energy, or ancillary businesses. The clear import is that to achieve these benefits, a utility may find it convenient to form a utility holding company, which the Holding Company Act authorized.

A. Environmental Law & Policy Center

ELPC proposes two conditions relating to ATC in its initial brief: (1) divestment by WEC of all ATC ownership above 34.07% following the merger or (2) in the alternative, limiting WEC's ATC voting rights on all matters to 34.07%. (ELPC Br. at 1, 8). Since its appearance in this docket on September 5, 2014, ELPC has not participated in any meaningful way. Now, it submits a brief proposing two conditions without providing any independent evidence supporting those conditions. These conditions appear to overlap with Item 28 (Alternative 3) and Item 31 from Ex.-WEC-Lauber-4,[4] so the Commission should reject ELPC's proposed conditions as duplicative and reject Items 28 and 31 for the reasons stated in WEC's initial brief (pp. 28-30).

B. Wisconsin Industrial Energy Group

In its initial brief, WIEG suggests seven conditions whose relationship to Ex.-WEC-Lauber-4 is unclear.[5] (WIEG Br. at 12-13). WIEG also proposes four more conditions that are entirely new. (*Id.* at 14). Like the other parties, WIEG should be limited to the conditions that were introduced in testimony.

Alternatively, the Commission should reject all of these conditions because they are premised on concerns that have already been resolved by WEC's acceptance of other conditions. WIEG makes clear that its proposed conditions -- including the brand new ones -- are motivated by four key concerns: (1) protecting ratepayers from transaction costs; (2) protecting ratepayers from transition costs except where resulting savings exceed such costs; (3) preventing higher electric rates for current WPSC customers as a result of rate levelization or utility merger; and

[4] Ex.-WEC-Lauber-4 lists all of the conditions proposed in the docket, and has been referred to throughout the proceeding when the parties have discussed conditions.

[5] For example, Item 1 in WIEG's brief (p. 12) appears to amalgamate numerous conditions from Ex.-WEC-Lauber-4 relating to (a) recovery of the acquisition premium, (b) recovery of transaction costs, (c) recovery of transition costs, and (d) increases in financing costs and loss of tax benefits. Several of WIEG's newly proposed items similarly amalgamate conditions of record, while others -- notably proposed condition 6 on p. 13 and all of the "safeguards" proposed on p. 14 -- appear to be entirely new.

(4) ensuring financial benefits for consumers. (WIEG Br. at 6). WIEG's first and second concerns have already been fully addressed: WEC agreed from the outset not to seek recovery of transaction costs (Ex.-WEC-Lauber-1 at 4) and has accepted conditions that will keep transition costs out of rates unless those costs are exceeded by savings (Ex.-WEC-Lauber-10, Items 79, 81, and 86). Likewise, WEC addressed WIEG's third concern by agreeing -- again from the outset -- that it would not seek to levelize rates or merge its utilities without conferring with Commission staff and other affected parties.[6] (Ex.-WEC-Lauber-1 at 5). The numerous financial benefits anticipated to flow from the Transaction are by now familiar. *See* WEC Br. at 7. Thus, even if the Commission were to consider the conditions proposed by WIEG outside of the record, it should reject them because many other conditions already address WIEG's concerns.

C. Jobs4WI

Prior to briefing, Jobs4WI had proposed exactly five conditions on the record (Items 5, 6, 21, 65, and 89 of Ex.-WEC-Lauber-4). In its initial brief, Jobs4WI now proposes several entirely new conditions and revises others. (Jobs4WI Br. at 20-23). As with WIEG, some of these conditions appear to be related to conditions listed on Ex.-WEC-Lauber-4, but the relationship is not entirely clear. For example, Item 5 from Jobs4WI's brief is similar to Item 21 from Ex.-WEC-Lauber-4, but Jobs4WI has used its brief to up the ante: whereas it originally proposed that WEC divest its <u>controlling</u> interest in ATC, it now proposes that WEC divest its <u>entire</u> interest in ATC.[7] To ensure that the record is not muddled by such discrepancies, Jobs4WI -- like the other parties -- should be limited to the conditions already itemized in the record, and its proposed conditions 2 through 5 should be rejected as inconsistent with those items.

[6] And, of course, any proposed rate levelization or merger would require Commission review and approval.
[7] Similarly, new condition 2 resembles Item 89, new condition 3 resembles Item 65, and new condition 4 resembles some combination of Items 5 and 6. WEC explained its opposition to each of these conditions in its opening brief and in testimony.

Then, Jobs4WI proposes additional conditions which have no association with the conditions it proposed on the record. Two of these -- new conditions 1 (reduce non-fuel O&M by 5% in next rate case) and 6 ("physically and financially isolate" Michigan operations) -- were not formally advocated as conditions until Jobs4WI's initial brief, so should be rejected as without support in the record. WEC opposes both conditions.

D. Great Lakes Utilities

GLU proposes four new conditions in its initial brief, which it claims "have been proposed and ostensibly agreed to by WEC on the record." (GLU Br. at 15-16). This is true of the second new condition, but otherwise is inaccurate.

The first new condition extends WEC's proposed ATC voting restriction to any scenario in which ATC is restructured. (*Id.*) While it is true that WEC has agreed to "support equivalent restrictions on its voting authority with respect to the voting by any restructured company of its ATCLLC ownership interests" in the event of a hypothetical restructuring, WEC opposes the imposition of such a condition now. (Ex.-WEC.-Leverett-3 at 2). As WEC explained in the data request response quoted by GLU, any restructuring of ATCLLC is purely speculative at this point, and would require Commission approval in any event. (*Id.*) There is time enough for the Commission to consider restructuring conditions if Commission approval is ever requested for such a restructuring. To do so now would be premature.

GLU accurately describes the second new condition (concerning Commission approval of a total or partial sale of WEC's ownership interest in ATC), and WEC remains willing to accept such a condition.

The third new condition would bar WEC from purchasing additional ATC shares from existing ATC owners. GLU correctly states that Mr. Leverett agreed to consider such a

condition. (GLU Br. at 15-16). Mr. Leverett also agreed to consider an alternative requiring Commission approval for such a purchase. (Tr., Vol. 4 at 61-62). Having now considered these conditions, WEC cannot support them because it cannot predict what the future may hold, and the offered voting restrictions already address these concerns.

Finally, GLU proposes a new condition requiring that WEC present to the Commission amended ATC governance documents implementing the voting restrictions proposed and agreed to by WEC. (GLU Br. at 16). WEC believes this condition is unnecessary and Mr. Leverett did not agree to any such condition on the stand. (Tr., Vol. 4 at 62-63). Instead, he explained that WEC has no unilateral ability to make such changes to ATC's governing documents, and emphasized that this condition would be unnecessary if (as appears likely) WEC's proposed voting restriction will already be included in both the Commission's order and the parallel FERC order. (*Id.*)

E. Local 420

In it is initial brief, Local 420 proposes two conditions. Local 420's first proposed condition (regarding a committed level of FTE employment, Local 420 Br. at 2-9) appears to present a new alternative to Item 57 of Ex.-WEC-Lauber-4. Local 420 had previously proposed a condition requiring WEC Energy Group to maintain FTE employee headcount in Wisconsin for five years. Now, Local 420 has proposed an alternative whereby each Wisconsin utility would maintain FTE employee headcount until its next rate case. While WEC appreciates Local 420's willingness to offer this alternative, WEC is still unable to accept such a condition. WEC's existing employment commitments are sufficient. The second proposed condition (a meet and confer requirement for post-Transaction workforce planning, Local 420 Br. at 9-12) is

already on the record as Item 55 of Ex.-WEC-Lauber-4, and the parties' positions on that condition are clear. *See* WEC Br. at 26-27.

III. Any proposed conditions of record which exceed applicable legal requirements and WEC's own commitments should also be rejected.

The remainder of this brief discusses proposed conditions that are particularly unwarranted in light of the Transaction's anticipated benefits, the conditions already accepted by WEC, and applicable statutory and regulatory protections. WEC's silence on any particular condition should not be interpreted as acceptance of that condition.

A. The additional benefit conditions proposed by intervenors are unnecessary, excessive, and in some cases confiscatory.

One cannot miss the skepticism with which the intervenors have greeted (and ignored) the Transaction benefits enumerated by WEC during this proceeding. In their briefs, intervenors are united in dismissing all of these benefits, somehow finding that each does not "count." CUB devotes 20 pages of its brief to describing why the benefits identified by WEC are not *real* benefits. WIEG claims WEC "has decided it needn't show why utility consumers will benefit from the Transaction." (WIEG Br. at 4). Jobs4WI concludes that "[t]he customer benefits suggested by the Applicant are at best speculative." (Jobs4WI Br. at 10). Having dismissed (but not rejected) the benefits WEC offers, the intervenors suggest others.

One particularly problematic condition is the proposed write-off of WEPCO's transmission escrow. No party has offered a legitimate basis for this condition in testimony or initial briefs. As noted in WEC's initial brief (pp. 10-12), CUB and others have proposed the write-off because this is the benefit they like best. (Rebuttal-CUB-Hahn-4). These are transmission costs that the utility prudently incurred to serve customers. Rather than recovering these costs as they were incurred, the utility proposed -- with the Commission's approval -- to

spread recovery over a number of years to mitigate rate impacts. The Commission should reject the intervenors' request that the Commission reverse its prior determinations and deny Wisconsin Electric recovery of these prudently incurred costs as a condition of approving the Transaction, which would be nothing short of a confiscatory taking.

Similarly, Jobs4WI proposes that the Commission should determine now to reduce each Wisconsin utility's recoverable non-fuel O&M costs by 5% below current levels. (Jobs4WI Br. at 20). This proposal would preordain the results of the Wisconsin utilities' future rate cases, regardless of when those may be and what may occur in the interim. (*Id.*) Clearly, in an actual rate case, there would be no basis for reducing a utility's recoverable costs unless those costs had actually fallen or the Commission determined that actual costs had not been prudently incurred.

While an initial reading of WIEG's brief shows that WIEG wants a lot, a closer reading reveals that WIEG may not know *what* it wants. On page 6 of its brief, WIEG initially appears to suggest that the Commission should implement a revenue-sharing mechanism and bill credits (for all utilities but WEPCO) and write off the transmission escrow as conditions for approval. But on pages 16-17 of the same brief, WIEG describes the revenue-sharing mechanism as an alternative to bill credits and the transmission escrow write-off. Which is it? Likewise, on page 6 of its brief, WIEG asks that half of all revenues earned above the Wisconsin utilities' authorized ROE be returned to customers, but on page 17 of the same brief, it appears that WIEG wants all such revenues.

Importantly, several of the intervenors' proposed conditions rely on conflicting assumptions or are otherwise at cross-purposes with one another. Consider several intervenors' (and Staff's) proposed treatment of projected annual savings -- estimated to be $78 million to $130 million after five to ten years -- which they dismiss as improbable, speculative, or remote.

See Jobs4WI Br. at 10 (the Transaction "will not produce any certain or quantifiable rate reduction for utility customers now or in a time horizon capable of being analyzed accurately or even projected"); Rebuttal-PSC-Bartels-13-14 ("[A]ny savings related to the Transaction will be hard to identify. Are the savings directly related to the Transaction or are they savings associated with normal business practices?") Indeed, Staff and intervenors cite this skepticism as the rationale for demanding more immediate benefits and imposing other restrictive conditions. *See id.* ("It is because of the undefined long term nature of any merger/synergy savings estimated by the applicant that Commission staff recommends that more immediate and insurable benefits be captured for the ratepayers") (emphasis added); Jobs4WI Br. at 20 (Commission should order 5% reduction in recoverable O&M costs now because the savings projected by WEC "are speculative at best and will not result in a rate decrease in the foreseeable future") (emphasis added).

Yet in the same breath, Staff and intervenors have proposed numerous conditions that are premised on achieving savings from the Transaction and require WEC to track every penny of post-Transaction savings to determine whether these are attributable to the Transaction and, if so, whether these savings exceed the costs to achieve them. *See* Ex.-WEC-Lauber-04, Items 9 (WIEG), 81 (Staff), 84 (WIEG), 86 (Staff). Again, which is it? Can transition costs and associated savings be tracked, or not? If not, why would the Commission require WEC to attempt the impossible? The more reasonable conclusion is that these amounts can be tracked, and WEC has accepted conditions requiring it to do so. (Ex.-WEC-Lauber-10, Item 86). But if the operating assumption is that savings can be captured and quantified as they materialize, and if Staff and intervenors insist that WEC can and must track such savings, then it is disingenuous

for them to argue elsewhere that projected savings are no benefit because they cannot be quantified.

WEC has projected that within the five- to ten-year horizon, the annual savings enabled by the Transaction will range from 3 to 5 percent of non-fuel operations and maintenance expenses. (Direct-WEC-Reed-37). In absolute terms, this amounts to $78-$130 million per year -- all of which would, per WEC's commitment, flow back to customers through rates. (Sur-Rebuttal-WEC-Reed-4).

This is a significant, quantifiable, direct customer benefit.[8] Rather than welcoming it, CUB rejects Mr. Reed's analysis. (CUB Br. at 10-14). CUB's analysis takes issue with the details of the representative transactions selected by Mr. Reed, but fails to rebut this central thesis: it is reasonable to project 3-5% non-fuel O&M savings from a transaction like this one, and numerous other state agencies have accepted such forecasts in approving similar transactions. Examining savings forecasted in a cross section of mergers provides a reasonable basis for the level of anticipated merger savings which may be achieved in this merger over time. (Direct-WEC-Reed-37-38). The reasonableness of this estimate is supported by the actual savings observed following the WEC/WICOR merger right here in Wisconsin, which amounted to 4.36% of combined non-fuel O&M. (Direct-WEC-Reed-36).

The reasonableness of Mr. Reed's estimate is confirmed by Staff's and intervenors' witnesses who rely on similar estimates to justify their customer benefit proposals. Staff witness Mr. O'Donnell relies on a range of 2-4% non-fuel O&M savings to justify his bill credit proposal. (Direct-PSC-O'Donnell-28-29). Similarly, Jobs4WI implicitly adopts Mr. Reed's

[8] WIEG selectively quotes a fragment of Mr. Reed's own testimony to suggest that he does not stand behind his estimate. (WIEG Br. at 5). However, Mr. Reed's full statement was: "Again, while the exact nature and value of each benefit may be arguable, the conclusion that there will be benefits cannot reasonably be disputed." (Rebuttal-WEC-Reed-6).

estimate by advocating a reduction in non-fuel O&M of 5% in advance of the next rate case. (Jobs4WI Br. at 20). Mr. Reed's savings estimate is reasonable and provides a clear "road map" to customer benefits.

B. There is no basis in the record for restrictive conditions which exceed current law and the protections WEC has already accepted.

Two restrictive conditions, which WEC opposes, warrant further discussion. One is CUB's new proposal that Item 13 (which denies recovery of transaction costs) be modified so that the definition of transaction costs encompasses "any costs associated with the Amended and Restated Settlement Agreement in Michigan or any subsequent agreement that amends or replaces it." (CUB Br. at 22). This proposal is problematic for multiple reasons. First, CUB's Item 13 (like WIEG's Item 15) is unnecessary because WEC has already agreed to Staff's Item 14 as clarified, which bars recovery of transaction costs. (WEC Br. at 8). Second, CUB's proposed modification potentially treats post-Transaction costs as transaction costs, when in fact transaction costs are costs to execute the Transaction. If CUB seeks to prevent future Michigan operating costs from being assessed to Wisconsin customers, this is the wrong forum; such issues are routinely addressed in rate cases. If instead CUB only means to capture WEC's pre-closing legal and other expenses associated with the Michigan settlement, that much should be clear from the straightforward definition of transaction costs, and CUB's proposed modification muddies more than it clarifies.

The other protective condition is Item 68, the proposed prohibition on any merger or rate levelization among what will be WEC Energy Group's subsidiary utilities. GLU has proposed that such a prohibition last for five years (Item 67), while WIEG seeks to make it permanent (Item 66). Both address it in their briefs. (WIEG Br. at 13; GLU Br. at 3-4). These conditions are unnecessary and unwarranted. They disregard the Commission's existing authority over such

matters if the hypothetical scenario ever materializes, and they invite the Commission to pre-judge a complex question in an unrelated proceeding without the benefit of a dedicated docket. Again, there will be time enough for the Commission to address such questions if they ever arise. Now is not that time; for now, WEC's existing commitment on this issue is sufficient. (WEC Br. at 27).

C. The intervenors have not offered any arguments warranting ATC-related conditions beyond WEC's proposed voting restriction.

The briefing on ATC ownership reflects the fundamental weakness of the vertical market power arguments raised by the intervenors and Staff. The parties simply express a general concern regarding vertical market power. *See* ELPC Br. at 4 (threatening "vertical market power abuse"); GLU Br. at 6, 12 (concern is that WEC will use vertical market power for evil rather than for good). Both briefs trace this concern back to the testimony of Staff witness Mr. Pilo. (*Id.*) Of course, Mr. Pilo acknowledged MISO's and FERC's oversight in this area. (Direct-PSC-Pilo-10). In detailed expert testimony that neither Mr. Pilo nor any other witness rebutted, former FERC economist Dr. David Hunger puts it plainly: "Even if Applicants were deemed to wholly control ATC, this would not raise a vertical market power issue." (Rebuttal-WEC-Hunger-5; WEC Br. at 29). Moreover, the U.S. Department of Justice has closed its investigation of the Transaction, meaning that it has determined that no further investigation into the competitive effects of the Transaction is warranted. (Rebuttal-WEC-Hunger-7-8). There is simply no basis in the record for the Commission to impose any of the thirteen ATC-related conditions (Items 19-31) proposed by Staff and intervenors.

As WEC has already shown, nothing in Wis. Stat. § 196.485 prohibits majority ownership of ATC, and indeed the legislative history of that statute suggests the opposite intent. (WEC Br. at 29-30). Now, ELPC and GLU also argue that the statutory definition of

"transmission company" in Wis. Stat. § 196.485(1)(ge) somehow prohibits what the rest of the statute does not. (ELPC Br. at 2-3; GLU Br. at 5-6).

To be sure, that definition describes a transmission company as "supporting effective competition in energy markets without favoring any market participant." *Id.* But ELPC's and GLU's strained statutory construction argument suffers from multiple flaws. First, as WEC has explained, it is simplistic to assume that utility favoritism is the inevitable result of WEC's majority ownership of ATC Management and ATCLLC. It is not inevitable, or even likely -- particularly not here, where WEC has offered a binding voting restriction far more stringent than any required by law. Second, it would be nonsensical to assume that the Legislature identified utility favoritism as a concern, then went on to craft a statute (Wis. Stat. § 196.485) that failed to respond to that concern. The far more reasonable assumption is that, having identified this concern, the Legislature expressly crafted Wis. Stat. § 196.485 to resolve it. That is, the structures and restrictions established by the statute are sufficient to address the concern expressly identified by the Legislature, and the Commission need not impose conditions over and above the restrictions the Legislature deemed sufficient. Of course, those statutory restrictions do not prohibit majority ownership of ATC.

CONCLUSION

As WEC explained in its Application, the proposed Transaction will be good for Wisconsin -- Wisconsin customers, Wisconsin investors, and the Wisconsin public. WEC is proud to be a Wisconsin company, and would not be pursuing this Transaction if it did not believe it to be in the best interests of Wisconsin and the communities it serves. The Commission should approve the Transaction, subject to the conditions agreed to by WEC.

Respectfully submitted this 6th day of April, 2015.

QUARLES & BRADY LLP

s/Brian D. Winters

Brian D. Winters
Joe Wilson
Attorneys for WEC

Catherine Phillips
Counsel for WEC

QUARLES & BRADY LLP
411 East Wisconsin Avenue, Suite 2350
Milwaukee WI 53202
414.277.5000